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Agenda item 3

INTERNATIONAL IMPLICATIONS OF MACRO-ECONOMIC POLICIES AND ISSUES CONCERNING INTERDEPENDENCE: THE RECENT EVOLUTION OF DEVELOPMENT PROBLEMS AND PROSPECTS

Summing-up by the President

The debate was both lively and constructive, and addressed a number of global issues of great significance. It was underpinned by the Trade and Development Report which delegations commended for its innovative, incisive and succinct analysis. The debate included an intensive informal exchange with special invitees; their expert views which were broadly in conformity with the main findings of the Trade and Development Report, greatly contributed to the understanding of the problems.

It was generally recognized that the world economy is in a difficult phase. Growth has slowed in the developed economies, debt-deflationary pressures have mounted, and currencies have come under acute strain. These problems pose difficult choices for monetary and fiscal policies. These must now be designed, on the one hand, to promote recovery in the short

term as in Japan and, on the other hand, to remove structural disequilibria over the medium to long-term. Coordination of macroeconomic policies by the larger economies was generally viewed as essential to arrive at the stance and mix policies needed to revive the growth momentum of the world economy. It was generally agreed that such coordination should take fully into account the interests of all countries. It was also agreed that an improved external environment was necessary for sustained non-inflationary growth in developing countries.

At the same time, domestic policies in developing countries were recognized to be a critical determinant of development performance. Structural reforms needed, however, to be supported by adequate volumes of financial support on appropriate terms. Further progress was needed on both fronts. It was noted that a number of developing countries had succeeded in accelerating their growth rates in the face of the global economic slowdown, thanks in part to their liberalization policies which had attracted large inflows of capital in particular direct foreign investment. Some delegations drew attention to the need for other developing countries to undertake further reforms which would attract greater volumes of investment in this form. On the other hand, it was recognized that unsustainable inflows of liquid funds could be highly problematic, and it was noted that a number of countries had succeeded in discouraging inflows of short-term funds using a variety of techniques.

It was generally acknowledged that while substantial progress had been made in resolving the debt problems of developing countries, such problems persisted in numerous countries. Additional efforts were needed on the part of both the debtors and creditors as well as other members of the international financial community. In this connection, a number of countries called for more favourable treatment to be accorded to poorer developing countries at the Paris Club, as well as for more attention to be paid to other developing countries, including those that have avoided debt servicing difficulties at high cost.

It was recognized that the economic situation in the countries of Central and Eastern Europe continued to be extremely difficult, largely due to the problems arising from making a transition to market economy which is adversely affected by the international environment. However, growth and trade performance differed widely across countries. Some were well advanced in the process of structural change and were registering an increase in the size of the private sector, while others were still beginning the reform process and suffering dramatic falls in output and employment, with all the social hardship and risk for political stability this implied. It was noted that privatization had proved to be a much more difficult and complex task than anticipated. Several delegations underlined the importance of a more dynamic world economy, strengthened multilateral cooperation and external assistance to support the process of transition and domestic policy efforts.

Great concern was expressed regarding protectionism, an open and fair multilateral trading system capable of resisting protectionist pressures being essential for growth and development. The Uruguay Round of multilateral trade negotiations was viewed as an opportunity which must not be lost to strengthen the multilateral trading system and to halt protectionism. Many delegates stressed that it was essential to take into account the interests of the developing countries. It was also important to ensure that the emerging trading blocks did not result in trade diversion.

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SUSTAINABLE DEVELOPMENT INCLUDING UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF UNCED'S CONCLUSIONS AND RECOMMENDATIONS

Summing-up by the Vice-President,
Mr. Gian Nath (Mauritius)

Mr. President, I am honoured to have the privilege of presenting to you my summing-up of the informal discussions which you kindly asked me to convene on the issue of sustainable development.

Mr. President, in these informal discussions, we took into consideration the introductory statement made by the Deputy Secretary-General of UNCTAD and the statements made by several delegations on this item in plenary. We were also fortunate to have with us to animate our discussions Mr. Nitin Desai, Deputy Secretary-General and Officer-in-Charge of UNCED, as well as contributions from staff members of the UNCTAD secretariat.

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Mr. Desai gave us an impassioned and illuminating view of the meaning of sustainable development seen from the perspective of development. He emphasised the asset management perspective of sustainable development and - filling an important gap in our discussions to date - focussed on what measures were necessary at the national level to bring about movement towards sustainable development. He also reminded us that, as the Cartagena Commitment had rightly emphasised, a global partnership with shared but differentiated responsibility was necessary if national efforts were to bear fruit, as the developing countries needed financial support to make the transition to sustainable development.

The UNCTAD staff members presented to us the wide range of work already undertaken by the UNCTAD secretariat on specific issues within its mandate related to sustainable development. They focussed on work carried out in the fields of natural resource management; the reconciliation of trade measures with environmental concerns (and vice versa); and the development of market-based instruments for financing environmental protection.

Although we were pressed for time, a lively debate was engaged, and views were expressed on both the orientation and the content of the future work of the secretariat in the area of sustainable development. Although there was a large degree of consensus on these matters, views differed on the likely effects of the adoption and use of tradeable carbon emission permits at the international level and on the appropriateness of further work on this matter using UNCTAD's regular budgetary resources.

I would not wish here to summarise our discussions in any further detail. However, I believe that it would be correct to say that the following views were broadly held:

- that sustainable development is such an important issue that UNCTAD's intergovernmental machinery and the secretariat should integrate yet more thoroughly the concept of sustainable development and its environmental dimension into their respective programmes of work; and in particular that concrete work on areas related to sustainable development within UNCTAD's mandate should be pursued without losing momentum whilst avoiding duplication with work in other relevant institutions, necessary adjustments always being possible at a later date to take account of future decisions by the General Assembly. Some delegations were, however, of the view that such work should proceed prudently whilst awaiting the establishment of the Committee on Sustainable Development and any possible allocation of tasks arising therefrom;

- that those subsidiary bodies whose terms of reference contain areas of work related to sustainable development should assign high priority to such work, particularly as regards the sound management of natural resources (Committee on Commodities); the linkages between poverty alleviation and sustainable development (Committee on Poverty Alleviation); and the generation, transfer and diffusion of environmentally sound technologies (Ad Hoc Working Group on Interrelationship between Investment and Technology Transfer);

- that work in the Board on sustainable development - initially in a Sessional Committee, but with the option open to move to a different structure (Standing Committee or Ad Hoc Working Group) if the situation warranted - should initially concentrate on the important area of the reconciliation of environmental and trade policies, including the necessity to ensure that environmental measures do not become an instrument of protection; and

- that the secretariat should continue or undertake studies on the interlinkages of trade and environment in order to serve the Sessional Committee, and on:

- methods for the internalisation of environmental costs into the prices of all products;
- economic and regulatory tools to correct market deficiencies without hampering economic growth and development or jeopardising competitive positions on international markets;
- market-based instruments for financing environmental protection;
- the implications for developing countries of basic principles designed to foster economic behaviour more in line with the imperatives of sustainable development;
- the linkages between poverty alleviation and sustainable development; and
- ways and means of promoting sustainable development at the national level, ensuring positive linkages between technological, sectoral and macroeconomic policies.

Mr. President, that concludes my report. I hope that I have faithfully reflected the views presented in our informal discussion, and that the Board will take due note of this report in its work. Thank you.

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DRAFT PROVISIONAL AGENDA FOR THE SECOND PART OF THE THIRTY-NINTH REGULAR SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:

   (a) Adoption of the agenda and organization of the work of the session;

   (b) Adoption of the report on credentials;

   (c) Provisional agenda for the first part of the fortieth session of the Board

   *(d) Designation of the President of the fortieth session of the Board

2. Follow-up to the recommendations adopted by the Conference at its eighth session: Policies for human resource development, with particular reference to technical cooperation activites for trade and development

3. Trade policies, structural adjustment and economic reform: trade policy reforms in developing countries and the international support required

4. Developments and issues in the Uruguay Round of particular concern to developing countries

5. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s

6. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s

   (a) Review of UNCTAD technical cooperation activities in Africa

   (b) Regional integration issues

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* Item to be allocated to the Board in executive session.

7. Establishment of an ad hoc working group to explore the issue of structural adjustment for the transition to disarmament: follow-up to the decision of the Trade and Development Board at the first part of its thirty-ninth session (Board decision 399 (XXXIX) of 9 October 1992)

8. Sustainable development: implications for UNCTAD of recent General Assembly decisions concerning the follow-up to UNCED's conclusions and recommendations

9. Other matters in the field of trade and development:

[To be completed in the light of developments]

*10. Reports and activities of the subsidiary bodies of the Board: matters requiring action

[(a) Standing Committee on Commodities, first session (19-23 October 1992);

(b) Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries, first session (26-30 October 1992);

(c) Standing Committee on Developing Services Sectors: Shipping (2-6 November 1992);

(d) Ad Hoc Working Group on Investment and Financial Flows, first session (9-13 November 1992);

(e) Ad Hoc Working Group on Trade Efficiency, first session (16-20 November 1992), including an interim report on the preparations for the International Symposium on Trade Efficiency in 1994;

(f) Intergovernmental Group of Experts on Restrictive Business Practices, eleventh session (23-27 November 1992);

(g) Ad Hoc Working Group on Comparative Experiences with Privatization, first session (30 November - 4 December 1992);

(h) Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries, first session (14 - 18 December 1992);

(i) Standing Committee on Economic Cooperation among Developing Countries (11-15 January 1993);

(j) Standing Committee on Poverty Alleviation (18-22 January 1993);

(k) Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer, first session (25-29 January 1993);

(l) Standing Committee on Developing Services Sectors: Insurance (1-5 February 1993);

(m) Working Party on the Medium-term Plan and the Programme Budget, twenty-second session (15-19 February 1993)]

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* Item in its entirety to be allocated to the Board in executive session.

11. Institutional, organizational, administrative and related matters:

*(a) New States members of UNCTAD;

*(b) Membership of the Trade and Development Board;

(c) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

(d) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

*(e) Arrangements for the celebration of the thirtieth anniversary of UNCTAD in 1994;

(f) Review of the calendar of meetings;

(g) Administrative and financial implications of the actions of the Board.

12. Other business

13. Adoption of the report of the Board.

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* Item to be allocated to the Board in Executive session.